CAPPED BILL SYSTEMS, METHODS AND PRODUCTS HAVING AN INSURANCE COMPONENT

CROSS REFERENCE TO RELATED APPLICATION

[0001] This application is a continuation-in-part of U.S. application Ser. No. 10/108,089 filed Mar. 27, 2002.

DESCRIPTION OF THE BACKGROUND

[0002] Currently, only large consumers are able to get the benefits of traditional financial risk management tools for managing their costs for variable volumes and prices of products and services because of the labor-intensive analysis of risk performed on a manual basis, because of regulations restricting the offering of some financial risk management instruments to only large and sophisticated investors and because the size and cost of available financial instruments may not be appropriate for individual consumer risk management.

[0003] Further, it has not been cost effective to perform the analyses necessary to control volume and price risks for retail consumers such as individual residential or small- to medium-sized commercial customers. The high cost of individual analyses is driven by the need to manually process dependent and independent variable data, individually deal with data deficiencies and to make manual adjustments for incomplete or inaccurate information.

[0004] Current methods and products exist to provide consumers that seek to limit consumer risk in purchasing variable payment products. Examples include capped adjustable rate mortgages, fixed payment plans, flat payment plans, the No Surprise™ Bill^{SM} program offered by Reliant Centerpoint Energy/Minnegasco, the WeatherProof® Bill program offered by several licensees of the energy risk management method described in U.S. patent application Ser. No. 08/833,892.

SUMMARY OF THE INVENTION

[0005] The present invention is directed to, in one embodiment, a method of providing one of a good or a service to at least one entity at one of a payment, rate, or price that is capped at a pre-determined amount. The method includes producing an offer for the entity, wherein the offer represents one of a capped maximum payment, a capped maximum rate, or a capped maximum price amount and receiving an insurance premium. The method also includes providing the good or service to the entity at one of a payment, rate, or price that may fluctuate, wherein the payment, rate, or price cannot exceed the capped maximum payment, capped maximum rate, or capped maximum price amount and paying an insurance proceed when an actual price of the good or service exceeds the capped maximum payment, capped maximum rate, or capped maximum price amount.

[0006] The present invention is also directed to, in another embodiment, a capped bill calculation system. The system includes a data input module in communication with a data storage medium for receiving data from at least one entity. The system also includes a capped bill offer generation module for generating an offer, wherein the offer offers one of a good or a service at one of a payment, rate, and price that may fluctuate, wherein one of an actual payment, actual rate, and actual price of the good or service cannot exceed one of a maximum payment, a maximum rate, and a maximum price amount, and wherein the offer takes into account an insurance premium for insurance that is used to cover at least a portion of a difference between one of the maximum payment, the maximum rate, and the maximum price amount and one of the actual payment, the actual rate, and the actual price of the good or service when one of the actual payment, the actual rate, and the actual price of the good or service exceeds one of the maximum payment, the maximum rate, and the actual price amount.

BRIEF DESCRIPTION OF THE DRAWING

[0007] For the present invention to be clearly understood and readily practiced, the present invention will be described in conjunction with the following figures, wherein:

[0008] **FIG. 1** is a diagram illustrating a flow through a capped bill calculation system according to one embodiment of the present invention;

[0009] **FIG. 2** is a diagram of a capped bill calculation system according to one embodiment of the present invention;

[0010] **FIG. 3** is a flow diagram illustrating a method of producing a fixed unit energy price for use in calculating a capped energy bill according to one embodiment of the present invention; and

[0011] **FIGS. 4 and 5** are examples of cash flows between consumers and risk management instruments according to one embodiment of the present invention.

DETAILED DESCRIPTION OF THE INVENTION

[0012] It is to be understood that the figures and descriptions of the present invention have been simplified to illustrate elements that are relevant for a clear understanding of the present invention, while eliminating, for purposes of clarity, other elements. For example, specific operating system details and modules and specific database management details and modules are not shown. Those of ordinary skill in the art will recognize that other elements may be desirable to produce an operational system incorporating the present invention. However, because such elements are well known in the art, and because they do not facilitate a better understanding of the present invention, a discussion of such elements is not provided herein.

[0013] The present invention is directed generally to systems and methods in which goods or services are delivered and the customer or consumer (or other entities) is invoiced for a payment or series of payments that are capped. "Capped" is defined herein as meaning a quoted maximum amount or amounts that the customer will pay for their requirements for a product or service for the given period or periods of time. Several examples of such products or services include, but are not limited to, energy bills, communications services, food supply, network services, calculational services, storage space, transportation, fuel, auto leasing, maintenance, or mortgages. Energy and mortgage examples are used herein for the sake of illustration purposes only and not to limit the scope of the invention.